

Message Text

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FOR BEWT/TDAD (STECHSCHULTE)

FOR BEWT/OEA (BOYDOCK)

E. O. 11652: N/A
TAGS: BEXP, EALR, ESTC, UR
SUBJECT: DYNELL CORPORATION SIGNS OMEGA NAVIGATION CONTRACT
WITH SOVIETS

REF: MOSCOW A-119 OF APRIL 23, 1977

1. REPRESENTATIVES OF DYNELL CORPORATION (LONG ISLAND, N.Y.) SIGNED \$2,410,500 CONTRACT WITH SOVIET FTO AVIAEKSPORT APRIL 21 TO SUPPLY TOTAL OF 141 OMEGA AIR NAVIGATION UNITS FOR INSTALLATION IN SOVIET IL-62 CIVIL AIRCRAFT. ACCORDING TO DYNELL REPS, OF TOTAL UNITS, 21 ARE TO BE USED AS SPARES. DURING FINAL DAYS OF NEGOTIATIONS, SOVIETS RAISED INITIAL ORDER OF AROUND 80 OMEGA UNITS TO INCLUDE 40 MORE FOR INSTALLATION IN NEWLY MANUFACTURED IL-62'S WHICH ARE TO BE SOLD TO THIRD COUNTRIES, MOSTLY IN COMECON, AS DYNELL REPS EXPLAINED IT. (EXPORT LICENSE APPLICATION FOR FINAL FORTY UNITS HAS NOT YET BEEN SUBMITTED BUT WE UNDERSTAND BEWT/OEA MAY EXPECT IT SHORTLY FROM DYNELL HEADQUARTERS IN U.S.)
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2. AT A UNIT PRICE OF \$17,250.00, DYNELL EDGED OUT THREE AMERICAN AND ONE FOREIGN COMPETITOR IN DIFFICULT NEGOTIATIONS WHICH LASTED NEARLY THREE MONTHS. LITTON INDUSTRIES, BENDIX CORPORATION AND TRACOR IN U.S., AND MARCONI FROM CANADA, WERE IN RUNNING FOR THIS LARGE EQUIPMENT CONTRACT UNTIL FINAL WEEKS. LITTON, FOR ONE APPARENTLY HAD DIFFICULTY WITH ITS EQUIPMENT DURING IL-62 TEST

FLIGHTS IN USSR. AS DEPARTMENT AWARE, DYNELL ALSO WAS FIRST TO SUBMIT AND RECEIVE APPROVAL ON EXPORT LICENSE APPLICATION FOR THEIR OMEGA RECEIVERS. WHILE THIS MAY HAVE BEEN FACTOR IN EARLY NEGOTIATING STAGES, PRICE AND TECHNICAL FACTORS UNDOUBTEDLY WERE FINAL KEYS TO SUCCESS FOR DYNELL. ALSO, FIRM'S CONVENIENT LOCATION ON LONG ISLAND MAY HAVE HELPED CONVINCE SOVIETS THAT FUTURE PROBLEMS OVER MAINTENANCE AND SERVICE WOULD BE MORE EASILY SOLVED WITH DYNELL THAN WITH COMPETITION, SINCE AEROFLOT LINERS ARRIVE SEVERAL TIMES A WEEK AT JFK AIRPORT.

3. DYNELL TEAM DEPARTED MOSCOW APRIL 22 FOR PRAGUE WHERE FIRMS HOPES TO SIGN MUCH SMALLER DEAL WITH CZECHOSLOVAKIA TO PROVIDE OMEGA NAVIGATION SYSTEMS FOR CSA INTERNATIONAL IL-62 FLEET⁸/ SOVIETS HAD MADE IT KNOWN DURING COURSE OF NEGOTIATIONS THAT WINNER OF AVIAEXPORT/AEROFLOT DEAL WOULD ALMOST CERTAINLY BE SELECTED BY OTHER COMECON COUNTRIES AS OMEGA SUPPLIER FOR THEIR OVERSEAS AIR FLEETS AS WELL, IN ORDER TO REPLACE LORAN-A NAVIGATION EQUIPMENT WHICH WILL BE PHASED OUT AT END OF 1977. TOON

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